

CALIFORNIA INTEGRATED WASTE MANAGEMENT BOARD

POLICY, RESEARCH AND TECHNICAL ASSISTANCE COMMITTEE

March 18, 1997

AGENDA ITEM 5

ITEM: CONSIDERATION OF THE CALIFORNIA INTEGRATED WASTE MANAGEMENT BOARD'S 50% INITIATIVE, STRATEGY #12, STRATEGY #13, AND STRATEGY #39: PROMOTE OR REQUIRE UNIT PRICING FOR CITIES AND COUNTIES

I. SUMMARY

At its January 23, 1997 meeting, the CIWMB discussed the recommendations of the "Getting to 50% Initiative" and directed that their implementation be discussed in more detail by the Board's various committees. The recommendations concerning the Board's policies and activities relating to encouraging unit pricing were referred to the Policy, Research and Technical Assistance Committee. These recommendations are now being presented for the committee's consideration.

Unit pricing, or variable rate pricing, or pay-as-you-throw pricing (see descriptions on page 3 of the attachment) of solid waste collection is one of the most effective means of increasing waste diversion and enhancing recycling programs. Unit pricing, in conjunction with recycling programs, has been very successful in many communities throughout the United States and Canada.

The "Getting to 50% Initiative" recommended both an educational/advocacy approach as well as a regulatory approach to increase the utilization of unit pricing in California.

Advocacy

#12. More actively promote unit pricing among cities and counties.

Regulatory

#13. Require cities/counties to implement unit pricing structures that provide incentive for waste diversion.

#39. Require unit pricing for cities and counties not meeting 25% and/or 50%.

The CIWMB has educated communities through workshops and solid waste management conferences. This approach, however, primarily reaches solid waste managers and haulers who are already aware of and generally supportive of pay-as-you-throw pricing. However, they ultimately are not the ones who will make the decision to adopt unit pricing.

Additional outreach efforts are needed to focus on local decision makers. New efforts should focus on local elected and appointed officials, particularly those in communities that still do not provide meaningful incentives for waste reduction and diversion.

A regulatory approach, in contrast, would have a greater likelihood of having a significant impact. It would, however, require legislation. Before deciding to pursue a regulatory requirements to promote unit pricing, the Board should gather more information on the use of unit pricing in California.

II. PREVIOUS COMMITTEE ACTION

There was no previous Policy Committee action on this item. The Board last took action on unit pricing when it approved its manual, "Unit Pricing Systems," in 1993.

III. OPTIONS FOR THE COMMITTEE

Committee members may decide to:

1. Recommend that the Board implement one or more of the 50% Initiative recommendations.
2. Recommend that the Board give staff other directions.
3. Recommend that the Board take no action at this time.

IV. STAFF RECOMMENDATIONS

Staff recommends that the Board implement recommendation #12 "More actively promote unit pricing among cities and counties" and direct staff to gather and present information in the future in order for the Board to consider recommendations #13 and #39.

V. ANALYSIS

1. UNIT PRICING WORKS

Unit pricing, if implemented properly, with rates that provide real incentives, is a proven effective means of increasing waste diversion and ensuring the success of local recycling programs. It is also a truly effective strategy to promote source reduction, the top the waste management hierarchy.

Over 1,000 communities throughout the United States and Canada utilize some form of unit pricing. Unit Pricing, in combination with recycling programs, has been dramatically successful in a wide variety of communities. For example:¹

¹These results are from 1993 when the CIWMB's manual "Unit Pricing Systems" was completed.

Santa Monica, California, population 87,000,
implemented a variable can system in April, 1992 and
reported a 32 percent decrease in residential tonnage
disposed, as well as a 13 percent increase in
recycling.

Quincy, Illinois, population 40,000,
requires customers to place a payment sticker on each
unit of refuse set at the curb. Quincy reported a 20
percent decrease in disposal tonnages (200 fewer tons
per month), and a 50 percent increase in recycling
program tonnages.

Capital Regional District (Victoria), British Columbia,
population 200,000,
each offering collection of 100 liters of refuse per
week funded through property taxes. Additional refuse
must be accompanied by a pre-paid garbage tag/sticker.
As of 1993, the Regional District was diverting 34
percent of its waste stream, on its way to a goal of 50
percent diversion by the year 2000.

Seattle, Washington, population 500,000,
has a variable can billing system for refuse. Even
before Seattle's curbside recycling program was
implemented in 1987, variable rates helped inspire
residents to recycle 24 percent of the city's
residential waste stream. Thirty percent of Seattle's
waste stream was diverted in 1988, and 40 percent was
recycled in 1991.

UNIT PRICING IMPACTS ²			
Community	UPS System	Diversion Impact	Local Tip Fees
Antigo, Wisconsin	Sticker	<u>1989 - 1991</u> Waste -48% Recycling +216%	\$50/ton
Aurora, Illinois	Sticker	<u>1991-1992</u> Waste -40%	\$9.25/ton
Darien, Illinois	Sticker	<u>1991-1992</u> Waste - 60%	\$ 9.15/ton
Glen Ellyn, Illinois	Hybrid	<u>1989 - 1991</u> Waste - 40%	Unk
Northfield, Minnesota	Hybrid	<u>1990-1992</u> Waste - 29%	Unk
Quincy, Illinois	Sticker	<u>1990-1992</u> Waste - 20% Recycling + 50%	\$ 29/ton
Santa Monica, California	Variable Can	<u>1991-1992</u> Waste - 32% Recycling + 13%	\$ 17/ton
Seattle, Washington	Variable Can	<u>1980 - 1991</u> Waste - 19%	\$ 43.97/ton
St. Cloud, Minnesota	Bag	<u>1990-1992</u> Waste - 39% Recycling +122%	\$ 96/ton

Three states have enacted requirements for all communities to use unit pricing; Wisconsin, Minnesota and Washington.

2. THE BOARD COULD APPEAL TO DECISION MAKERS

Since 1993, the CIWMB has widely distributed a unit pricing educational manual to local communities (see attachment 2 for an excerpt), held a number of workshops throughout California, and has hosted several breakout sessions at solid waste management conferences. These events conveyed both the benefits of unit pricing and provided implementation advice gleaned from other communities. They were, though, attended almost exclusively by local solid waste managers and solid waste haulers. Most of these participants were generally supportive of, or active promoters of, pay-as-you-throw pricing. However, they

²Source: "Unit Pricing Systems", CIWMB, 1993.

ultimately are not the ones who will make the decision to adopt unit pricing. Their proposals must meet a sympathetic audience among the local political leadership.

At this point, to spur greater consideration and adoption of pay-as-you-throw pricing in California, additional outreach efforts should focus on local elected and appointed officials. Particularly those in communities that still do not provide meaningful incentives for waste prevention and diversion.

3. MORE INFORMATION IS NEEDED

The Board's efforts in this area to date have focused on gathering essentially anecdotal information to assist local jurisdictions implement unit pricing. It was gathered and presented (1) to educate those unfamiliar with the subject and (2) to provide an information base on the nature and experiences of established programs.

The Board has not performed a systematic analysis of the use and impact of unit pricing in California. Previous surveys indicate that there have been significant impacts on the waste stream in several California communities including Pasadena, Lodi and Glendale. What is not known is how prevalent unit pricing is throughout the state. Before deciding to pursue legislation to enact unit pricing regulatory requirements (recommendations #13 and #39), the Board should gather more information on the use of unit pricing in California. Some of the questions that should be answered include:

- a. How many communities use pay-as-you-throw pricing?
- b. What type of system and fee structures are used?
- c. What impact on the waste stream has it had?
- d. What problems have been associated with its adoption?

4. "GETTING TO 50% INITIATIVE" RECOMMENDATIONS

Education/Advocacy Approach

#12. More actively promote unit pricing among cities and counties.

This approach would entail a more active effort by the Board to promote unit pricing to local governments. New outreach efforts should focus on local elected and appointed officials, particularly those in communities that still do not provide meaningful incentives for waste prevention and diversion. A dedicated advocate could be used to educate

city and county decision-makers directly about unit pricing. An advocate could provide information and make presentations to governing bodies and individual decision makers, such as mayors, supervisors, city managers and county administrative officers. This advocate could participate in conferences and make direct contact with officials, boards of supervisors and city councils. Since it is important to coordinate this outreach with local contracting and rate-setting processes, an advocate would also solicit the assistance of solid waste management associations to identify and schedule communities for outreach.

Potential outreach activities include:

- a. Working with recycling and solid waste management organizations to identify likely targets of outreach.
- b. Calling, writing to and making presentations before city councils and boards of supervisors.
- c. Hosting educational sessions and informational booths at conferences, such as those of the League of California Cities and the California Supervisors Association Council.
- d. Developing presentation materials (letters, speeches, visual aids) building off the tools the CIWMB and the U.S. EPA have already developed.
- e. Enhance the local presentations made by the CIWMB to emphasize the benefits of unit pricing.

■ Advantages:

More actively promoting unit pricing does not require legislation and can thus be carried out merely by assigning Board staff to this function. It can thus be implemented and have an impact more quickly than the regulatory approaches.

This approach would not create a universal requirement and as a result leaves the evaluation of the appropriateness of adopting unit pricing to local jurisdictions and avoids the need for compliance reporting and enforcement efforts.

● Disadvantages:

With this approach there would be less certainty that jurisdictions would move to unit pricing, which would make its impact less certain than the other recommendations.

Regulatory Approaches

The regulatory approaches, if implemented, would have the greatest assurance of having a significant impact. They would, however, require legislation which means that there is no assurance that they would be implemented or be implemented in time to impact local efforts to attain the 50 percent diversion goals. This legislation would also likely receive close scrutiny by local governments, and waste haulers.

Since there are circumstances faced by some communities that make unit pricing impractical, any such requirement would need to allow for exceptions. The need to accept and consider applications for exceptions would delay local implementation and reduce the number of communities the requirement would affect. It could also cause additional work for Board staff and local jurisdictions applying for an exception.

A variety of factors must be considered when evaluating the suitability of unit pricing for a community. Some of these include:

- a. The jurisdiction's current success in meeting the state's, and its own, waste management and diversion goals is important.
- b. Since most communities already have a waste management system in place, and in many cases, an integrated one, its suitability to volume based pricing must be evaluated.
- c. A pricing structure that stimulates the generation of recyclable materials must be accompanied by adequate market demand for those materials.
- d. A community's current and future disposal options are important. If plentiful, affordable disposal capacity is available, the potential costs of a unit pricing system may outweigh the benefits.
- e. Various features of a community can affect the difficulty and cost of implementing a pay-as-you-throw system. In some cases these costs could be prohibitive.

#13. Require cities/counties to implement unit pricing structures that provide incentive for waste diversion.

With this approach, legislation would be pursued that would require all jurisdictions to utilize pricing arrangements for solid waste collection that provided a significant incentive for waste generators to minimize their waste stream.

■ **Advantages:**

If implemented, requiring universal adoption of unit pricing would have the most significant and immediate impact.

● **Disadvantages:**

Jurisdictions that have, or will, reach the IWM waste diversions goals would also need to implement unit pricing.

#39. Require unit pricing for cities and counties not meeting 25% and/or 50%.

With this approach, legislation would be pursued that would require those jurisdictions who did not meet the IWM diversion goals to utilize unit or volume based pricing for solid waste collection. Some further specifications of this requirement would be needed.

- ☐ Would this requirement apply just to the 2000 goal or to the 1995 goal as well?
- ☐ Would failure to meet the numerical goals alone cause the requirement to be enforced or would implementing appropriate programs avert it?
- ☐ Would the requirement be applied to jurisdictions that have been allowed to meet lesser goals?

■ **Advantages:**

Facing a potential requirement to implement unit pricing would provide an additional incentive for local jurisdictions to attain the IWM diversion goals.

If this approach were only applied to the year 2000 50% goal, it would not be enforced until 2002 or later which would allow additional lead time for local jurisdictions.

● **Disadvantages:**

This requirement would be applied only to jurisdictions who did not reach the 50% goal (or who received approval to meet reduced goals). This could be exceptionally burdensome to some of these jurisdictions. It is also possible that few jurisdictions will fail to meet their goals.

5. A COMBINED APPROACH

Rather than deciding which approach(es) to adopt or abandon at this time, the Board can also choose to implement the advocacy approach while considering the regulatory one in the future. The Board can begin now to actively promote unit pricing while investigating the feasibility of the regulatory requirements. There will still be some time to pursue legislation, especially for a requirement applied to the year 2000 goal. Additional research could be conducted in the near future to assess the costs and benefits of a regulatory approach. In addition to the information discussed in 3. above, other factors to consider include:

- a. The number of jurisdictions that may be impacted by regulations (that have not met the 1995 IWM diversion goal and potentially won't meet the 2000 goal).
- b. The potential response of jurisdictions that may be affected by such a requirement if it were enacted.
- c. The state's overall success in meeting the IWM diversion goals.

VI. ATTACHMENTS

Pay-As-You-Throw Fact Sheet.

VII. APPROVALS

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